

A New Role for Conservation in U.S. Farm Policy

**Conservation Operations: USDA's Challenge to Make it Work**

*Remarks by*

**Roy M. Gray**

Deputy Undersecretary for Natural Resources and the Environment  
U.S. Department of Agriculture

**Summary of Major Points**

- We will need to see what the conference will finally do before we can determine the full challenge for USDA and NRCS
- Several things we are fairly certain will happen
  - More funding for conservation
  - Broaden the purposes, programs, and practices for conservation
- Challenges include
  - Streamline the process to make it work simply and smoothly to extent possible
  - Get technical information and reference materials out and available to the public and other providers of assistance
  - Work with third party vendors so that they can get certified and assist producers
  - Do what is reasonable and effective on the landscape
- Our desires and intentions
  - We want to make this work and will do our best to make it work
  - We recognize the uncertainties in some areas
  - We at USDA will do our level best to make it as fair as possible

***Part I --Likely directions for conservation in this Farm Bill***

We will have to see what will come out from the conference. However, several things are likely.

***More Dollars***

- Much greater funding for CCC conservation programs
  - About \$400 million in FY 2001 for CCC conservation programs (EQIP, WHIP, FPP, WRP)
    - EQIP -- \$199.9
    - WHIP -- \$12.5
    - FPP -- \$17.5
    - WRP -- \$174.3
  - House and Senate bills range from \$1.2 to \$2.4 billion annually over FY2002 through FY 2006

- See following table
- Considerable interest among the constituency groups and capital hill on increased role and funding for conservation of private lands. In new budget authority the present legislative proposals for conservation range from 19 to 26 percent of the total dollars in additional budget authority for all titles of the bill. This is a far larger share than the modest share for conservation among the CCC authority in the 1996 farm bill.
- Timeline for conservation dollars
  - See graphic for EQIP funding

### ***A broaden of conservation***

- Purposes—
  - In 1985, most of the emphasis was on soil erosion and some on wetlands [CRP, HEL, wetlands]
  - In 1990, expanded on earlier purposes and placed much more emphasis on water quality.
  - Continued in 1996 with water quality, consolidated incentive programs into EQIP, and included more on wildlife habitat.
  - In current farm bill, both the House and Senate added air quality as an explicit purpose for EQIP.
  - Also institutionalized the farmland protection work started in 1996 and provided more resources for wildlife habitat.
  - Some allowance for bioenergy/biomass and addressing carbon sequestration.
- Programs (largely Senate bill)
  - Conservation Security Program
  - Innovative Conservation Grant Program (within EQIP)
  - Pilot Program (Nutrient reduction in Chesapeake Bay) (within EQIP)
  - Water benefits program
  - Bioenergy and biomass (Energy Title)
  - Greenhouse gases and improved methods to measure or gauge sequestration potentials (Energy Title)
- Practices
  - Added “innovative practices” and opportunities for on-farm research and demonstration of practices in the conservation security program.
  - An explicit push for revision and expansion of practice standards to include measurable goals for enhancing natural resources, including innovative practices.
  - Innovative practices are explicitly included. These include both actual practices as well as innovative approaches, like market based trading systems and means of leveraging.

## ***Part II -- Challenges for USDA and NRCS***

This farm bill also represents challenges and opportunities for USDA in carrying out our role in conservation.

***Streamline the process to make it work simply and smoothly to the maximum extent possible***

- We will need to design the process to avoid delays and excessive transactions costs
- Paperwork to minimum, with still satisfying legal requirements
- May require first come first serve

***Dissemination (distribution) of technical information and reference material***

- Providing and disseminating technical information
  - A growing need, as well as capability, to disseminate important conservation technical information via CD-ROM, the World Wide Web, and other media. This would include soils information and maps, practice standards, economic costs, and related factual material.
  - Information on practice effects, both on farm and watershed or other delineation of area
  - We in USDA will need to do this to meet the needs of our own people, as well as a potentially large group of other providers of technical assistance, and the many farmers and ranchers that want our technical information themselves in order to sort out what is best for their operation.
- Improving our technical information
  - Challenge to expand technical information to include “new or innovative” practices and appropriate standards in the Field Office Technical Guide
    - Bills require revision of practice standards (Sec IV)
    - While not legal requirement, good opportunity to update technical information in the FOTG where needed to better serve clientele
    - Good opportunity to work with land grant universities and others with solid factual information that can address conservation on the landscape
  - Developing technical guidance, such as conditions where and how wind turbines may be used on lands enrolled in CRP without compromising the environmental protection on these acres.

***Work with the private sector and third party providers of technical assistance***

- Both the House and Senate bills include provisions for engaging third party providers for technical assistance to farmers and ranchers
- Certification requirements and training for third party vendors
  - Not new. Has been in place (Producer bears payment responsibility)
  - Expanded opportunity for some vendors (payment possibility)
  - Sometimes a very narrow slice of the overall mix (e.g. soil testing is only one component of nutrient management)

- Much greater involvement with the private sector and the conservation partnership in carrying out conservation in the next decade and beyond. These are challenges that we will deal with to insure that it is effective.
  - Example – seeding of certain native species of grass for CRP cover caused shortages and substantial increase in price. We want to avoid that where possible as we implement the new conservation provisions where we can legitimately coordinate with the private sector.

### ***Conservation systems that are reasonable and effective on the landscape***

- In EQIP, the systems to be applied need to address the needs and concerns of farmers and ranchers for their land. Some may be more innovative, but that is the producer's choice.
- Practices need to be effective. Standards need to be met.
- Ultimately, USDA and NRCS will also need to be accountable for the systems applied and for the public monies spent.

### ***Part III -- Our desires and intentions***

In closing, there are three points to acknowledge

1. We at USDA want to make the conservation effort work and we will be doing our best to make that happen
2. While there are uncertainties and difficulties that we will encounter in this process, we will strive our best to address those directly and professionally
3. We want to insure fairness in the whole process, so that farmers and ranchers will feel that they have been served fairly. Maybe some producers may not get as much as they would like, but they should certainly get what they are entitled to with fairness.

Thank you

## Conservation Title Budget Authority 1/

Note that this table is based on Legislative language and is separated into dollar and acre authorities

### PROGRAM DOLLAR Authority (\$ Million) \*

	Program Funding by Fiscal Year					FIVE YEAR TOTAL	Authorized or Assumed Funding for Out Years **					Five year Total	Ten Year Calculated Total
	2002	2003	2004	2005	2006		2007	2008	2009	2010	2011		
<b>Environmental Quality Incentives Program</b>													
HR 2646	\$1,025	\$1,025	\$1,200	\$1,200	\$1,200	\$5,650	\$1,400	\$1,400	\$1,400	\$1,500	\$1,500	\$7,200	\$12,850
S 1731	\$500	\$1,300	\$1,450	\$1,450	\$1,500	\$6,200	\$850	\$850	\$850	\$850	\$850	\$4,250	\$10,450
<b>Farmland Protection Program</b>													
HR 2646	\$50	\$50	\$50	\$50	\$50	\$250	\$50	\$50	\$50	\$50	\$50	\$250	\$500
S 1731	\$150	\$250	\$400	\$450	\$500	\$1,750	\$100	\$100	\$100	\$100	\$100	\$500	\$2,250
<b>Wildlife Habitat Incentives Program</b>													
HR 2646	\$25	\$30	\$30	\$35	\$35	\$155	\$40	\$45	\$45	\$50	\$50	\$230	\$385
S 1731	\$50	\$225	\$275	\$325	\$355	\$1,230	\$50	\$50	\$50	\$50	\$50	\$250	\$1,480
<b>Conservation Security Program <u>2/</u></b>													
HR 2646	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
S 1731	\$0	\$11	\$46	\$114	\$216	\$387	\$359	\$516	\$674	\$820	\$946	\$3,315	\$3,702
<b>Water Benefits Program</b>													
HR 2646	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
S 1731	\$25	\$52	\$100	\$100	\$100	\$377	\$100	\$100	\$100	\$100	\$100	\$500	\$877
<b>TOTAL Authorized Dollars for Listed Programs</b>													
HR 2646	\$1,100	\$1,105	\$1,280	\$1,285	\$1,285	\$6,055	\$1,490	\$1,495	\$1,495	\$1,600	\$1,600	\$7,680	\$13,735
S 1731	\$725	\$1,838	\$2,271	\$2,439	\$2,671	\$9,944	\$1,459	\$1,616	\$1,774	\$1,920	\$2,046	\$8,815	\$18,759

### PROGRAM ACREAGE Authority

<b>Wetlands Reserve Program annual additions (1000 Acres) <u>3/</u></b>						<b>Total of additions</b>
HR 2646	150	150	150	150	150	
S 1731	250	250	250	250	250	1250
<b>Grassland Reserve Program ceiling (Million Acres)</b>						<b>Cap</b>
HR 2646 <u>4/</u>						
S 1731						2.0
<b>Conservation Reserve Program ceiling (Million Acres)</b>						<b>Cap</b>
HR 2646						
S 1731						40.0

\* Program authority does not represent estimated outlays or "scoring"

\*\* Out year funding is assumed at amount of last year authorized. Only H.R. 2646 includes authorization to FY 2011. S.1731 includes \$ for FY 2007 for selected programs, but does not extend authority beyond FY 2006.

Notes:

1/ Based on authority provided in legislative language as follows:

HR 2646 as passed by House on October 5, 2001

S.1731 as passed the Senate on February 13, 2002

2/ Uses CBO outlay estimates rather than budget authority

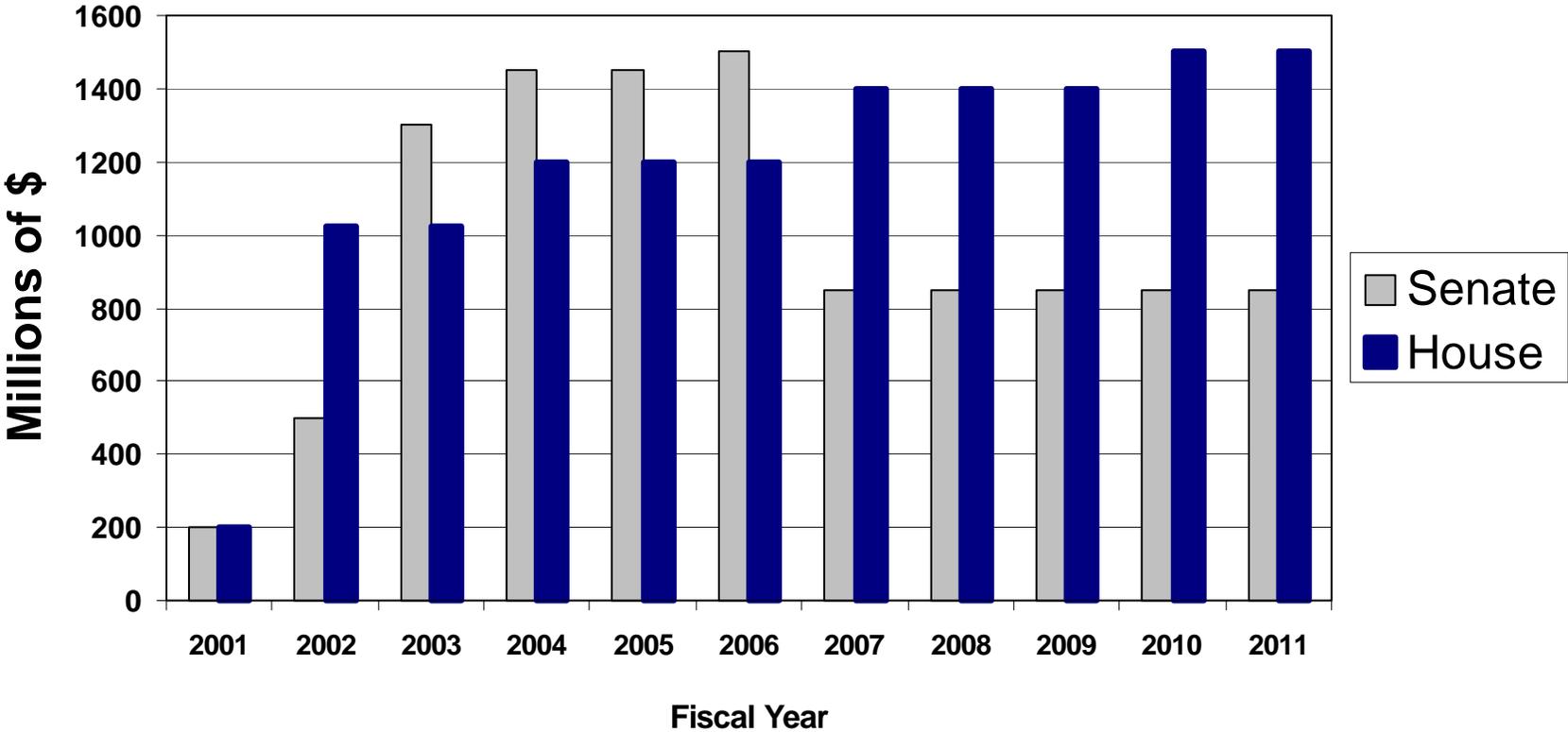
3/ WRP in House has annual additions and does not have overall cap.

Senate has new cap of 2,225,000 acres as well as annual additions.

4/ H.R. 2646 includes aggregate of \$254 million for Grassland Reserve over full term.

# EQIP Funding under S.1731 and HR2646

Senate Bill 2/13/02 and House Bill 10/5/01



(Senate bill is 2002 through 2006 with 2007 \$ amount specified. House bill is through 2011)